
Russian money provides a lifeline to breakaway Abkhazia

By Alex Rodriguez
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SUKHUMI, Georgia -- With its cobalt-blue balconies and lemon-yellow accents, Alexander Khrushyov's nearly finished 200-room hotel stands out amid the bullet-pocked buildings and half-collapsed roofs of this war-ravaged city along the Black Sea coast.

The barrel-chested Russian businessman says he's planning to build more, and he's convinced that the Kremlin's aggressive push in recent weeks to further entrench itself in Georgia's breakaway enclave of Abkhazia will lead to a torrent of Russian investment in what once was a sunny playground for the Soviet elite.

"In two years, this place will be completely different," says Khrushyov. "I know the mood of Russian businessmen, and they would love to work in Abkhazia

As for Georgia, yes, they want Abkhazia back. But maybe Georgia wants the moon too."

Russian money and influence have been lifelines to Abkhazia ever since local separatists fought off Georgian troops in a bloody civil war 15 years ago.

Now, angered by Kosovo's U.S.-backed independence from Russian ally Serbia and Georgia's push to join NATO, Russia has dramatically escalated its involvement in Abkhazia.

In the view of Georgian leaders, the Kremlin is edging toward de facto annexation of the separatist republic and fueling fears of a resumption of war in one of the most volatile places in the post-Soviet landscape, the Caucasus region.

Earlier this spring, Russia lifted economic sanctions imposed on Abkhazia by former Soviet republics since 1996 and beefed up its contingent of peacekeeping troops in the enclave. On May 26, UN observers confirmed that a Russian military jet shot down a Georgian unmanned spy plane flying over Abkhazia in April, a charge Russia still denies.

,Georgian leaders accuse the Kremlin of employing a policy of brinkmanship that has brought Russia and Georgia perilously close to military conflict. Only a call from France's foreign minister to his Russian counterpart staved off a military clash in the region earlier this spring, said Temur Yakobashvili, Georgia's minister in charge of re-integrating the breakaway provinces of Abkhazia and South Ossetia into Georgia's fold.

This week, both Georgia and NATO condemned Russia's dispatch of 300 additional troops into Abkhazia on Saturday, ostensibly to help repair a rail link.

Russia already has 2,500 peacekeeping troops here, but Georgian officials accused Russia of "preparing a beachhead for an intervention" and NATO said the deployment was "clearly in contravention of Georgia's sovereignty."

Any military conflict between Georgia and Russia would have ramifications for the United States and the European Union, both staunch allies of Georgian President Mikhail Saakashvili's administration. The U.S. has poured millions of dollars into shoring up Georgia's security forces. The West also relies on

a pipeline that courses through Georgia to supply Caspian Sea oil to U.S. and west European consumers.

Russia justifies its actions by saying it is obliged to defend Abkhaz citizens, most of whom also have been granted Russian citizenship and carry Russian passports. Moscow also blames Georgia for heightened tensions, arguing that Georgian leaders have amassed troops in an Abkhaz valley under Tbilisi's control and have been flying reconnaissance drones over the region in preparation for an attack.

The sanctions had to be lifted, Russia's Foreign Ministry said earlier this spring, because they "do not make sense, they obstruct the implementation of socioeconomic programs in the region, and doom the people of Abkhazia to unjustified hardships."

However, Georgian leaders say Russia's overall aim is to destabilize Georgia and keep it from attaining membership in NATO. In turn, Georgia is using the only leverage it has on Russia: To join the World Trade Organization, Russia must get the approval of each current WTO member through bilateral talks, and in the wake of Russia's recent moves in Abkhazia, Tbilisi is refusing to grant that approval.

In Sukhumi, Abkhazians view economic integration with Russia as their best hope for deliverance from a decade and a half of postwar poverty, joblessness and isolation.

During the Soviet era, Abkhazia was the communist nation's vacation paradise.

Josef Stalin regularly retreated to a handful of summer dachas along the region's Black Sea coast. Seaside hotels mimicked French Riviera architecture.

"Back then, there were so many people here that it was difficult to walk on the promenade," says Venyamin Ostrikov, a 59-year-old grizzled local fishing off a pier on a warm night, a box with his catch at his side. "Every day was like the May Day parade - people everywhere. And ships, too, from all over the Soviet Union."

A year after the Soviet Union's collapse in 1991, war broke out between troops from the newly independent Georgian republic and Abkhaz separatists fighting to break free from Georgian rule. The fighting killed thousands of civilians on both sides and forced ethnic Georgians -- the majority population in Abkhazia at the time -- to flee. With the signing of a cease-fire in 1994, Abkhazia remained internationally regarded as a part of Georgia but functioned as a de facto nation.

Since then, Abkhazians have eked out a bare-bones existence, surviving solely on limited trade ties with Russia. Every day, farmers from Abkhazia's orange and hazelnut groves line up for hours at the Abkhaz-Russian border at the Psou River. Rita Avidzba, 60, has grown accustomed to lugging two carts laden with 220 pounds of oranges from her small farm outside Sukhumi.

"You have to have iron nerves to cross that border, and you have to be healthy," Avidzba said. "During mandarin season, you sometimes have to stand for a half-day there."

With Georgia intensifying its ties with the U.S. and Western Europe, Russia has ratcheted up its economic influence in Abkhazia. Though Abkhazia remains unrecognized, Russia opened a representation office in Sukhumi that will enable its ministries to communicate directly with their Abkhaz counterparts.

Russian investors are buying up dilapidated seaside resorts in Sukhumi, Gagra and other coastal cities and channeling millions of dollars into their renovation.

Natalia Milovanova, a real estate agent in Sukhumi, says she fields about 10 calls a week from Russians interested in Abkhaz property. "Wealthy Russians are investing in resorts," she said, "but middle-class Russians are also buying up small hotels."

Russia had been constrained by 12-year-old sanctions that it and other former Soviet republics imposed. Lifting those sanctions allows Russian investors to revive abandoned orange groves, tea fields and vineyards in Abkhazia, revamp the region's transportation infrastructure and restore its textile and canning industries.

"It basically gives a green light to Russian businesses to come to Abkhazia," says Beslan Baratelia, an economist at Abkhaz State University in Sukhumi.

"It's a guarantee to those businesses that Russia will defend their interests."

Russia also is pouring billions of dollars into preparing nearby Sochi for the 2014 Winter Olympics, and Abkhaz leaders expect to lap up some of those contracts. "We're talking with the Russian side about supplying building materials, and the scale could be huge," said Abkhaz Prime Minister Alexander Ankvab. "As much as we can provide, Russia is ready to receive."

While Russia insists that lifting the sanctions is a humanitarian gesture, Georgian leaders say the move is part of Russia's strategy to entwine itself so tightly with Abkhazia that the region effectively remains a flash point for Georgia, and therefore a permanent barrier to Georgia's efforts to join NATO.

Russia has adamantly opposed NATO expansion toward its borders.

"By keeping this conflict frozen, Russia keeps its leverage on political decision-making in Georgia and keeps Georgia ineligible for higher status with NATO," says Archil Gegeshidze, an analyst with the Georgian Foundation for Strategic and International Studies. "Thus, Russia achieves its geopolitical aims in the region."
